



TOWN OF WALPOLE
COMMONWEALTH OF MASSACHUSETTS

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Town Administrator

Michael E. Boynton

MEMORANDUM

To: Board of Selectmen
Finance & Warrant Advisory Committee
Capital Budget Committee
School Committee

From: Michael E. Boynton,
Town Administrator

Date: January 30, 2004

Re: Fiscal Year 2005 Budget Proposal & Message

As we begin the process of preparing for Fiscal Year 2005, we once again are being challenged to identify our priorities, our goals, and our mission for our municipal government. We are being challenged to become creative with programs and funding sources to continue delivering an efficient and excellent level of service to our residents. And once again we are being challenged to produce improved results, energize a municipal workforce, and encourage community involvement all while we again wait for improvements in both the state and national economies. Yet despite the massive undertaking that this is, we without question will be successful in large part because of Walpole's incredible and dedicated group of town department heads and employees. With the new fiscal year now just five months away, Walpole will look to provide a continuing level of services to our residents and business community and we will again call upon all staff and boards and committees to rise up to the challenges that will result.

The past twelve months have been anything but normal for our operations. We faced budget reductions in both fiscal 2003 and fiscal 2004. Reductions in revenues resulted in the layoffs of both town and school staff. Under those circumstances, it would have been expected that some drop-off in service delivery would occur. But such has not been the case. School teachers and administrators continue to deliver a high quality education to Walpole's children. Restaurants and public establishments still receive top quality inspections from our Board of Health. Our roads are still plowed, our Christmas trees are picked up, and our fields are still well maintained by our Public Works staff. Our streets, homes and businesses are well protected by our police officers. The list of departments directly affected by budget cuts goes on, but the results are virtually all the same. When the going got tough, the men and women who serve this town every day took their performance to the next level, and to each of them, I say thank you for a job well done.

In looking at the overall town budget, one could easily compare it to a jigsaw puzzle, with each agency and department representing a distinctive piece, all being different shapes and sizes.

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And in any puzzle, each piece is somewhat dependent upon all the others to fit together to complete the larger picture or image. In balancing this budget, the same approach has been the basis for budget decisions. Given the fiscal limitations we find ourselves in, the “larger picture” that this budget will accomplish is one of level services. And for such a goal to be realized, we must ensure that the integrity of every piece, and in municipal terms, every department, is respected and protected.

The budget proposal presented to you totals \$52,892,868. Included in that figure are state and county assessments, charter school tuitions, and the annual overlay appropriation. However, by far the largest portion is the \$50,793,327 general fund budget. This represents an increase of 4.5 percent, or \$2,185,000 from the current year. Yet when you consider that insurance increases average out at roughly a 12% increase while solid waste costs rise by over 9%, you can see that this budget, in terms of general operations of our departments, is very lean yet again. In fact, spending for the General Government category is projected to increase by only 1.7%.

Your department heads and board and committee chairs have been at work on these figures for nearly two months, and have done an excellent job in preparing for the coming year. I have met with most all of them, and collectively we have refined and reduced requests to bring in a budget that will simply allow us to move forward into 2005 without the reductions and layoffs that we faced just one year ago. On the municipal side, no new positions are added. Cost of living raises set forth in employment agreements are part of this plan, as is a proposed 3 percent adjustment for non-union staff. In addition, it proposes to implement the findings from the classification review conducted this past fall. The overall impact of that study, approved by the Personnel Board, is approximately \$23,000. On the education side of the ledger, the Walpole Public Schools budget increases by \$1.1 million dollars for FY'2005. That amount will likely allow the school department to continue providing the services they do today without need of further reductions.

A conservatively optimistic view of Walpole's revenues has allowed us to shape this budget in the manner presented here. True, our permanent revenues have not yet risen to a level where I could suggest to you that restoration or expansion of programs is appropriate. However we have spent considerable time reviewing trends in local receipts and state aid and we believe that the revenues presented in this plan will be realized in FY'05. Our levy limit figure has increased in the current FY'2004 as a result of new DOR assessments statewide on the telecommunications industry. That has resulted in an approximate increase of \$500,000 that will now be carried forward as permanent levy growth. The telecom industry has appealed several of their new assessments at the state level, and as such our Assessors have wisely determined that a set-aside of some of the new levy growth is necessary in the event that these companies are successful with all or a portion of their appeals. If successful, a “one-time” payment would be necessary but would not affect the permanent income the new assessments are generating. Yet, in consideration of the added one-time nature of any “abatement” in this case, we have worked with the Assessors to identify existing overlay surplus funds that will be utilized to offset the set-aside of the FY'05 overlay request. Further, as we await final rate information on FY'05 health insurance charges, we have identified existing reserve funds that will carry us forward at this time with a balanced budget. In this instance, we are showing slightly more than \$120,000 from the stabilization fund to close the final budget gap. Yet make no mistake about the intention here: this or any amount recommended to be transferred from our stabilization fund

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must be lowered by the amount of money that is identified as budget savings or new revenue BEFORE any funds are restored to operating budgets. For example, if \$120,000 can be saved when the new health insurance rates are enacted, then that amount must first be used to reduce the amount requested from stabilization. In short, over the past few years we have been successful by not using our one-time funds to pay for ongoing services, and I would suggest to you that even today we are adhering to that practice.

Other revenue sources have been reviewed and included in this package. Local receipts are projected to rise by roughly \$325,000 in 2005, with the largest increase projected in excise receipts. State aid is also a very important factor in our budget estimates. In preparing this budget, we projected that state aid would remain level funded into 2005. At the time of our initial projections this seemed risky considering the history of local aid over the past two years. However, we have been encouraged by the small amounts of positive news from Beacon Hill the last few months and felt that this funding projection can be realized. And as of January 28th, those estimates appear to be on target. The Governor's House 1 budget virtually level funds our total state aid figures (approx. \$550 decrease). While it is not an increase, it does allow us to take a "glass-is-half-full" view of the situation as the news now is far better than it was this time last year. But now is a most important time for each and every one of us. With tax and fee revenue so closely estimated, we must be very cognizant that any reductions or changes in Governor Romney's proposed aid to Walpole will have serious impacts on our ability to deliver a level-services budget. The time is now to contact our legislators and request their commitment to honor these proposed local aid figures at a minimum.

As stated above, this budget does not provide for the introduction of new services or positions in FY'2005. Clearly this is not the desired outcome for some, but is a reality as we again prepare to operate within identified revenues. And, in terms of discussing additional revenue options beyond those shown here, it will be very important to recognize the expected impacts of the mandated real estate revaluation that will be released later this summer. It is quite likely that values will again increase thereby resulting in increases in property taxes across for some. Given the current real estate market in town, such an outcome is not a surprise. And while the revaluation will not add even one dollar to our available revenue, we must understand the impacts that a shifting tax base will have on our residents.

Water & Sewer enterprise funds reflect small increases for Fiscal Year 2005, with water up 2.08% and sewer rising by 3.54%. The sewer increase is largely attributed to a 4% increase in the annual MWRA Sewer Assessment. In terms of the experiences thus far in FY'04 with the new enterprise fund formats, the results have been quite positive.

Looking at our capital budgeting for FY'2005, we are projecting a very aggressive infrastructure improvement program. We will make much needed repairs to several town and school buildings, including a roof project at Fisher School for nearly \$225,000. We will replace outdated and worn equipment in our Library, our schools, and town hall. We will begin to wind down our three year catch-up program of vehicle and equipment replacements. We will purchase needed safety equipment for our public safety departments. And we will make repairs to and repave several roads and streets in town. Yet even at the current budgeted figure of just over \$1.9 million dollars, which includes \$1.56 million from free cash, we still will only address a portion of the actual equipment and facility needs we have annually. An indication of this is that actual requests total \$3.5 million dollars, which clearly can not be fully funded. Thus we must make

every effort to continue to commit funds to the capital budget program as we maintain and solidify the infrastructure of our municipal operations. An additional component in this regard will be the final report of the Municipal Facilities Study Committee which is expected to be released later this year. This has been one of the most dynamic committees I have ever worked with, and the solid group of members is a reason to be optimistic that their findings, whatever they may be, will be well detailed and supported.

As we look at the current fiscal year, it is with pleasure that I report to you that all systems are functioning very well at this time. Budgets appear to be on target, and department heads continue to monitor their accounts for any problems that may arise. The single largest concern we have is, without surprise, our snow and ice account. The early December storm, one that lasted for parts of three days, took a heavy toll on our budget. Yet through the efforts of our state administration and our Emergency Management Director Roger Turner and DPW Director Bob O'Brien, we hope to recoup approximately \$90,000 in federal aid money for storm cleanup. As the next few months move forward, the exact status of this account will be known and can be addressed at Town Meeting if necessary. Finally, one other important note from the current fiscal year involves the Fire Department. Early revenue projections of the town's ambulance fund were thought to be sufficient enough to provide for the hiring of four additional firefighter/paramedics this June 1st. However, such added revenue has not been the case, and as a result the hiring of the added personnel is now being delayed. To his credit though, Chief Ed Hartmann has worked at an amazing pace to help bring Paramedic service to Walpole despite the staffing setback. At press time of this report, Chief Hartmann and his team have applied for full-paramedic status with the Commonwealth, and will introduce that advanced life support service with the eight medics currently on staff. And, given the demands of such a program upon those who deliver the service, it is important that priority be given to reinstating the four cut positions as soon as sustainable revenue is identified, perhaps even as early as this fall.

Much work has gone into the preparation of this budget proposal to date, and much more is yet to come as we move forward toward the Annual Town Meeting in May. In particular, I would like to acknowledge the fine efforts of our Finance Director Mark Good, Town Accountant Arti Mehta, Appraiser Dennis Flis, and Personnel & Benefits Coordinator Valorie Donohue who put so much time into the financial and personnel review of this budget. School Superintendent Kathleen Smith and Assistant Superintendent Kathy Macedo have also been very hard at work preparing the school budget plan for next year. And, a special thank you is in order for Administrative Secretary Cindy Berube for her work coordinating the budget book preparation. Once again, the team that we have in place here is simply second to none.

As in the past, I too want to thank all of you for your time, dedication, and leadership. In particular, I thank the Board of Selectmen who once again have weathered a very difficult year but have still worked diligently to guide this community and consistently make sound business decisions. Your direction and support of all our operations is most appreciated. We now stand ready to assist each of you in any way as you begin your budget review and deliberations, and our department heads are available to answer any questions you may have. This budget belongs to you and all of the residents of Walpole, and it is our pleasure to join with you as we take Walpole into the next year and beyond.